# Jewel Companies, Inc.

Diversified Retailers

Annual Report 1972
to Shareholders and Jewel People

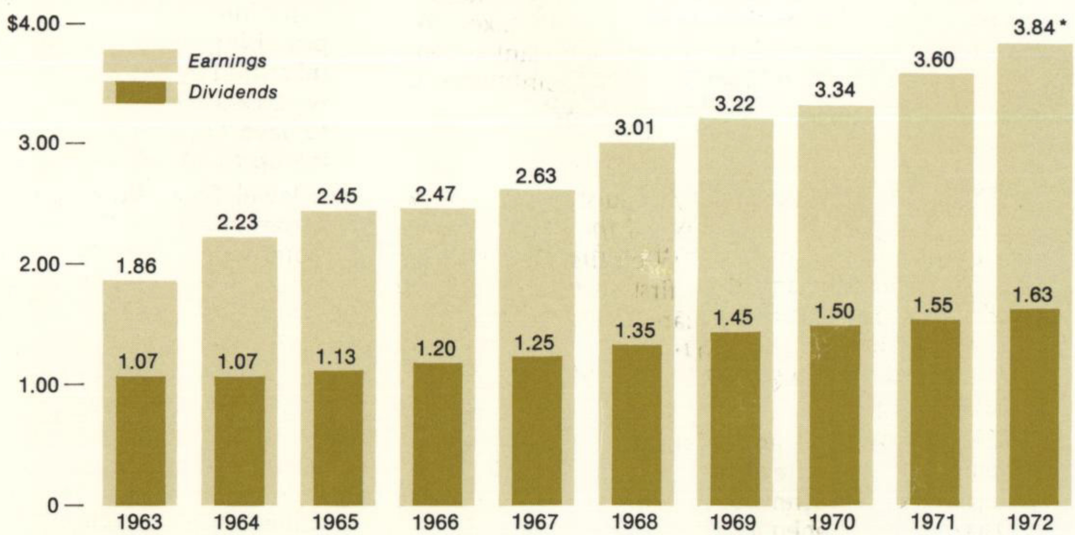
## JEWEL COMPANIES, INC.

# Results in Brief

| *(Dollars in thousands except per share figures)* | 1972 % to Total | Fiscal Year 1972 | Fiscal Year 1971 | % Increase 1972 over 1971 |
|---|---|---|---|---|
| Sales: | | | | |
| Supermarkets | 72.6% | $1,458,299 | $1,332,480 | 9.4% |
| Drug Stores | 11.6 | 232,868 | 204,795 | 13.7 |
| Self-Service Department Stores | 8.6 | 173,270 | 148,843 | 16.4 |
| Direct Marketing Division | 4.1 | 81,901 | 81,247 | .8 |
| Restaurants | 1.0 | 20,404 | 18,891 | 8.0 |
| Other Sales and Revenues | 2.1 | 42,552 | 28,993 | 46.8 |
| Total Sales | 100.0% | $2,009,294 | $1,815,249 | 10.7% |
| Net Earnings for the Year | | $ 28,667* | $ 26,708 | |
| Percent to total sales | | 1.43% | 1.47% | |
| Percent to shareholders' average investment | | 12.5% | 12.7% | |
| Common Shares Outstanding-Average (000's) | | 7,458 | 7,399 | |
| Earnings Per Common Share | | 3.84* | 3.60 | |
| Dividends Paid Per Common Share | | 1.63 | 1.55 | |
| New Property, Plant and Equipment (net): | | | | |
| Jewel Companies, Inc. | | $ 59,444 | $ 46,220 | |
| Real estate affiliates | | 18,701 | 15,649 | |
| | | As of Feb. 3, 1973 | As of Jan. 29, 1972 | |
| Net Working Capital | | $ 55,487 | $ 60,768 | |
| Ratio of Currrent Assets to Current Liabilities | | 1.4 to 1 | 1.4 to 1 | |
| Shareholders | | 13,865 | 14,165 | |
| Employees | | 33,466 | 32,019 | |

*Excludes extraordinary income of $1,199,000 (16¢ per common share)

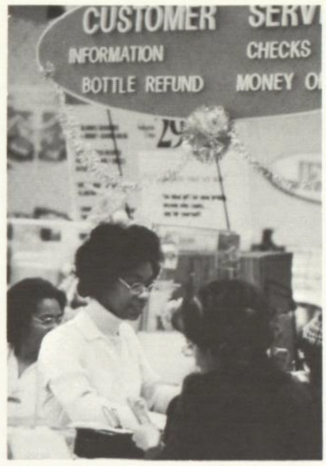
**Earnings/Dividends** Per Share




**Before extraordinary income*

# 1972 Letter from Jewel's Chairman and President

New Buttrey store in Billings, Montana



Irene Washington
Assistant Service Manager
of a Jewel Food Store

We are pleased to report record sales and net earnings in 1972, a year that for many mass retailers was one of distressing difficulty. Net earnings before extraordinary income were $28,667,000, $3.84 per share, versus $26,708,000, $3.60 per share in 1971. Sales surpassed $2 billion for the 53-week year and exceeded 1971 by 10.7%. Sales of new stores added to our companies, or enlarged, since the beginning of 1971 contributed 59.5% of this year's sales increase, with the remaining increase produced by identical stores (stores physically unchanged from the previous year). Identical store gains were reported by each Jewel company in 1972.

Extraordinary income reported in the third quarter by the Company arose from the sale by Jewel of 90,000 shares of the stock of G B Entreprises, a Belgium affiliate. The sale produced net income after provision for state and federal taxes of $1,199,000. Net earnings for 1972 including extraordinary income were $29,866,000 or $4.00 per common share.

Your Directors increased the common dividend paid in September, 1972 to 41.5¢ a share from 40¢, bringing the annual rate to $1.66 a share. Dividend payments have increased in each of the last eight years.

While this ninth consecutive year of record high earnings fulfilled the general optimism of last year's Report, results by individual operating company were mixed. We want to tell you of some of the more significant accomplishments, and in some cases the disappointments, of the people in the various Jewel companies.

### Supermarkets Continue Strong

BUTTREY people continued to distinguish themselves as leading food retailers in their part of the country. Geographic expansion continued with their first Oregon store opening in Pendleton and their first store in Wyoming planned for Casper. A 36,000 square foot store opened in Kalispell, Montana to replace an obsolete unit and a third store was added to Billings. 1972 sales and earnings were above the prior year.

EISNER'S expansion into Indianapolis continued with the opening of two more stores, combination food-drug units in joint venture with Osco Drug. Also in partnership with Osco, Eisner opened a new store in Urbana, Illinois. Through new stores and remodelings, Eisner in recent years has significantly improved its position in Illinois and Indiana towns where the Eisner reputation has been strong over the years but where some of the facilities had not been as up-to-date as we would wish. Despite disruptive market conditions in many parts of their territory, Eisner people attained record sales and the second best earnings year in their history.

For the JEWEL FOOD STORES, 1972 was another year of solid achievements, including new sales and earnings records. Continuing the strategy of building larger stores, 17 new Jewel stores were opened and 11 stores were remodeled to obtain more space for the variety needed to serve today's customers. Thirteen obsolete stores were closed. Five stores which had been combination Jewel food and Osco drug units were converted into Jewel Family Centers to relieve intolerably congested food shopping. (A Family Center is a food store augmented with a basic non-foods department.) Jewel Food Stores now operate 76 stores in partnership with Osco Drug Stores and 40 stores as Family Centers. Thus we have the flexibility to strengthen our food presentation with general merchandise space ranging from a few hundred feet to as many thousands of square feet as seem appropriate to serve the location.

Our major thrust into a new market in 1972 was our entry into Milwaukee, opening six stores in that highly promising metropolitan area. Customer response as measured by sales has exceeded the projections on which we based our decision to go into Milwaukee. We expect to have 11 stores in Milwaukee by the end of 1973, ranging up to 40,000 square feet in size.

Jewel Food Stores people continue to develop their commitment to Chicago's central city with two new stores opened in 1972 and another three planned for 1973. We now successfully operate 35 food stores in the central city.

The A&P WEO program about which so much is written and for which so much is blamed has not noticeably impacted any of our supermarket companies, and certainly not in Chicago and Boston where our stores are of the size and vintage to withstand any good competition so long as we also concentrate on the broad spectrum of values appreciated by today's consumer.

The people at STAR have long had pride in their ability


New Eisner store in Urbana, Illinois

Olen Daniels, Osco pharmacist


New Turn-Style in Omaha, Nebraska

to be the "Uncommon Market". Never was that pride more justified than in 1972 with sales at record levels and earnings nearly equal to last year's record, but at a lower conversion rate to sales. Star continues to move with the times ranging from the sale of lottery tickets under Massachusetts' new lottery law to expanding its bus services for the elderly. While the lack of availability of new locations within the Boston metropolitan area continues to be frustrating, Star people opened one new store in 1972 and started construction on another four.

### General Merchandise Increases in Importance

Our general merchandise companies showed satisfactory progress in 1972, and with the addition of REPUBLIC LUMBER to the Jewel family of companies we expanded our capabilities into the home improvement field which we believe will be of growing importance in the years ahead.

In terms of percentage increase, the people of OSCO DRUG achieved the year's most dramatic earnings results. While the "country" division (stores outside metropolitan Chicago) continued to achieve improved results, the year's unusual gains are primarily attributable to our drugstores in Chicagoland. The reasons are many: Osco's prescription price-posting policy continued to merit customer confidence and to be a major factor in increasing prescriptions filled by 30% in identical stores. Splendid efforts on the part of Osco pharmacists contributed to this success, since increases came not through adding pharmacists but through improved productivity. The earnings contribution of Crest Photo, our own film processing facility, increased. A more promotional pricing strategy and localized management initiative than had marked Chicago Osco's earlier years helped create healthy sales gains. Extended store hours in many locations contributed to added sales.

Osco continues to close an occasional "main street" unit as it becomes obsolete, and regional shopping centers and locations in partnership with one or another of our food companies are distinctly favored for new units, with store size continuing to increase.

With importing from the Far East growing in importance, particularly in the electronics and certain soft goods categories, Osco and Turn*Style have formed a joint importing division and have headquartered an experienced buyer in Hong Kong for more effective liaison than was achieved by occasional trips to the Orient.

The year for TURN*STYLE people started in disappointing fashion. New markets continued to be a serious drain on results. The overall sales climate was one of softness. Expenses were disproportionate to sales growth. Having already decided to slow down their new store growth for the short term, Turn*Style management at mid-year addressed themselves to the serious challenge of overhead structure. Detailed analysis convinced them that both management talent and systems capability had matured to the point that a management structure designed some years ago to compensate for new systems and inexperienced people was now excessive. Accordingly, the difficult decision was made to cut back on numbers of management people and to streamline the structure to conform with improved systems and more mature experience levels.

Coupled with a strong improvement in the sales picture during the Christmas season, the expense cutback enabled Turn*Style not only to overcome a disappointing first half year but to show an earnings improvement for the year. With the highest fourth quarter earnings in their history, Turn*Style starts the new year with a momentum notably better than has existed for some time.

Turn*Style expanded into Omaha, Nebraska, opening two stores there in August, one with Baker's and the other with Hinky Dinky, two leading supermarket operators in that region. These new stores are on target.

### Jewel's Service Businesses

Our major earnings disappointments in 1972 came in our two service companies.

Jewel's original business, now called the DIRECT MARKETING DIVISION, continues to be a profitable and otherwise healthy enterprise but at times seems to be inversely related to the economy. When our overall economy picks up in general, a relatively low unemployment level seems to work against the intensive people needs of this direct sales organization. Such was the situation in 1972, and costs related to severe turnover problems reduced earnings.

In August, Walter Y. Elisha was appointed President of


Walt Elisha, President
of Direct Marketing Division

Tom Harwood, President
of Mass Feeding Corporation

the Direct Marketing Division, replacing Marlin L. Hadley who left Jewel. Having been President of Brigham's and more recently corporate Vice President for Growth and Development, Mr. Elisha is uniquely suited to lead this outstanding group of people through temporary adversities and into fresh opportunities.

In BRIGHAM'S in 1972 we suffered a modest loss but regained momentum in other respects. Several factors contributed to the earnings setback, including the effort to run Brigham's units in Chicago. This effort was abandoned at year-end with write-off costs included in 1972 results.

Brigham's strategy in New England has included the closing of several outmoded units, the expansion of several ice cream shops to include soup and sandwich menus, and where appropriate, increasing seating capacity by better space utilization. The most dramatic change in Brigham's is a new store design inaugurated this year to manifest a new personality. Coupled with a more organized approach to training and with tighter operating controls, we expect the physical improvements added to Brigham's reputation for quality ice cream and candy will translate to more dependable customer acceptance. We expect 1973 to be an improved year for Brigham's.

### Convenience Stores

This was a year of consolidation and other challenges for the people of WHITE HEN PANTRY. Extended hours initiated by supermarket operators reduced the sales of some of our convenience stores. Even relatively small sales decreases are not easily absorbed by a somewhat small convenience store organization. Coupled with the need to support our franchisees with stronger promotional and advertising programs, these decreases drained earnings.

As the year progressed it became apparent that the entry of White Hen Pantry into Indianapolis was not as propitious as had seemed and it was decided to withdraw from this market. Our four operating units there have been disposed of along with our lease commitments on eleven other locations. For the short term, we will concentrate on the further development of our profitable White Hen Pantries in Milwaukee, Boston and Chicago. In Boston, we are moving from corporate-owned to franchised stores for greater profitability.

### Developmental Companies

Despite remarkable improvement, 1972 was still a loss situation for MASS FEEDING CORPORATION, owned 54% by Jewel Companies. Major effort was addressed to strengthening MFC's marketing capability and the company now serves 200 schools in 59 school districts. The number of meals served in 1972 exceeded the prior year by 23% and totaled 9½ million.

Directors of MFC were sufficiently pleased with progress this year to elect their general manager, Thomas F. Harwood, as President, succeeding Walter Y. Elisha.

CASE 'N BOTTLE continues to experiment with the development of liquor stores and while no new stores were opened in 1972 it is expected that four will open in 1973. This organization continues to be the buying and merchandising arm of Jewel Food Stores and of Osco Drug Stores in their liquor-beer-wine departments, a fast-growing sales category.

### Foreign Operations

The combination of Jewel's equity in 1972 earnings of Midco, S. A. (Mexico) and 1972 dividends from G B Entreprises (Belgium) after taxes produced earnings from foreign operations of $4,271,000, up 16% from the prior year (after eliminating from 1971 income our equity of $400,000 in the one-time gain from the sale of farmland jointly owned by Midco and Jewel). Net income from these two affiliates after imputed interest on investment accounted for 13% of Jewel's 1972 earnings. Total proceeds of the sale of 90,000 shares of G B Entreprises amounted to $5.5 million after taxes and were used to reduce foreign debt of your Company. We are still the largest shareholder (12.5%) of this company.

Midco sales and earnings for 1972 reached record highs. Midco now operates discount stores, fashion apparel stores, conventional and warehouse supermarkets, and restaurants. It is also an important shopping center developer. Jewel owns 49% of the stock of Midco, S.A.

Earnings of G B Entreprises in 1972 are expected to exceed 1971 earnings which were heavily impacted by start-up costs of the largest new store program in the company's history, price controls, and costs associated with the Value Added Tax introduced in Belgium at the

Ira Nathanson, Vice President and Stan Nathanson, President of Republic Lumber Company

beginning of that year. G B Entreprises formed a new company in 1972, Motorest, of which it is the major shareowner, to own and operate motor hotels in Belgium. The first unit opened in September, two more are under construction and others are planned for strategic locations throughout Belgium.

Each of our foreign partners is a creative, diversified retailer sharing our own business philosophies. Their concerns for their customers and for their people closely parallel our own attitudes. They are the largest retailers in Mexico and Belgium.

## OBJECTIVES FOR THE 1970's

In our 1971 Report, we included a statement outlining some of our more important objectives for the '70s. In addition to the operating comments already made, you can judge the accomplishments of Jewel people related to objectives as follows:

### Expanded Services

Several of our objectives relate to expanding the services we offer to our customers as their needs and desires grow and change, expressing intention both to do this internally where we have the capability and to do it through acquisition where that seems appropriate. The following highlights of 1972 relate to these objectives:

- In all of the Jewel companies 90 new retail stores were added (see chart, "The Growing Jewel Companies" on Page 9), increasing total floor space by 1,190,000 sq. ft. We completed remodelings and/or enlargements of another 32 units.
- Extended shopping hours (typically 8 a.m. to midnight) were implemented in more than 300 of our higher-volume stores throughout Jewel companies. Changing lifestyles suggested, and results proved, that this represents a significant added service.
- In 1969, a task force of Jewel people began to develop the specifications for an in-store electronic check-out system. By the end of 1972, the Electronic Store Information System (ESIS) was operative through 491 terminals in 43 of our own stores and represents the first practical point-of-sale system to be installed in supermarkets and drugstores. With a computer on location at each store, our people are planning broader ESIS applications.
- White Hen Pantry successfully adapted its traditional convenience store concept to high rise apartment situations. The first such unit opened in September, 1972 in McClurg Court, serving a densely populated neighborhood on Chicago's north side, with sales about triple a normal White Hen Pantry volume.
- To establish a base in the retailing of building materials and do-it-yourself home improvement products, we acquired Republic Lumber Company in September in exchange for 50,000 shares of Jewel common stock. Started in 1948, Republic operates three home improvement centers as well as a residential garage-building and home improvement service division, all in Chicago. Ira and Stanley Nathanson started Republic Lumber and continue to operate it. Like other Jewel companies, Republic is building its business through low prices and a combination of self-service and helpful advice to the customer who needs it. We expect to open three new centers in 1973.

### Geographic Expansion

One of our objectives is to expand geographically into new markets but at a rate consistent with our profit improvement goals. New market entries invariably reduce earnings in the initial years of operation and 1972 was no exception. While the opening of supermarkets in Milwaukee in 1972 was an expensive undertaking, our other new geographic entries were of relatively modest proportion and did not seriously impact earnings.

1973 plans call for adding facilities to markets in which we currently operate, with no entries planned in large and complex new markets. Buttrey and Osco will open stores in several new cities but these are not expected to be costly openings.

### Manufacturing and Processing

Another of our objectives is to expand manufacturing and processing facilities where improved profitability and quality will be added.

We continued to make substantial commitments to manufacturing and processing facilities in 1972 as the value of Jewel manufactured products reached an all-time high of $160 million for the year. The contribution to earnings was the highest ever.

Jerry Green vacuum bags meat during
Buttrey's Cryovac meat processing operation

Jane Armstrong, Vice President
of Consumer Affairs,
Jewel Food Stores

New manufacturing and support facilities established this past year include:

- a 100,000 sq. ft. distribution center in Salisbury, North Carolina, for direct-mail shipments to customers of our Direct Marketing Division;
- revamping of the former Direct Marketing Division distribution center facilities in Elgin, Illinois for Turn*Style's soft goods needs;
- a 154,000 sq. ft. distribution center in Elk Grove Village, Illinois, to satisfy Osco Drug's private label and consolidation needs;
- a 13,000 sq. ft. paper bag plant in Pine Bluff, Arkansas, for the grocery bag needs of Jewel Foods Stores and, later, Eisner Food Stores;
- a 25,000 sq. ft. perishable distribution center in Great Falls, Montana, where fresh meat is broken down into primary cuts for "Beef In a Box" delivery to the Buttrey Food Stores.

### People—Social Responsibility—Consumer Interest

Several of our specific objectives have to do with our concern for Jewel people, our broad social responsibilities, and our concern for the consumer. While other sections of this report will be devoted to the people side of Jewel, the following items represent some accomplishments in these areas:

- At the end of 1972, 7.5% of all Jewel people were members of minority racial groups, compared to 2.5% just six years ago. The number of blacks, Hispanic Americans, and other minorities earning their livelihood at Jewel will continue to increase.
- Throughout Jewel Companies currently there are 624 women in various levels of management, including a growing number as store managers.
- During 1972, Harry Beckner, President of the Jewel Food Stores, was named Chairman of the Chicago Minority Purchasing Council, the first of 14 regional councils established to encourage and assist business organizations in utilizing minority suppliers of goods and services. Mr. Beckner is also currently serving as Chicago Chairman of the National Alliance of Business.
- Through the Jewel Foundation, contributions totaling $272,000 were made to United Funds, universities and colleges, hospitals, and other worthy groups. Additionally, the Foundation matched $36,000 of contributions made by Jewel people to the schools and hospitals of their choices.
- Jewel donated a plot of land valued at approximately $150,000 to the Barrington, Illinois Public Library District, considered appropriate because Barrington is the home of the original Jewel company and until 1955 was the location of our corporate headquarters. The library will be named the Franklin J. Lunding Library in honor of our retired Chairman.
- Jane Armstrong, Jewel Vice President, was recently appointed to the National Advisory Committee of the Food & Drug Administration where her counsel will have helpful impact on nutrition matters. Your Chairman has for the past 2 years served as co-chairman of the National Business Council for Consumer Affairs and is now serving as Chairman of the Food Advisory Committee to the Cost of Living Council.

### PEOPLE NOTES

Jewel people were saddened when Walter E. Meyer, Corporate Controller, died on February 3, 1973. He had been with Jewel 34 years.

G. B. Kilham has been named Controller and Harry C. Hallowell and Charles E. McClellan have been named Assistant Controllers of Jewel Companies, Inc.

A total of 269 people throughout our companies retired during 1972, including three long-service Jewel Food Stores officers: Frank Spreyer, Executive Vice President; Ronald Hileman, Senior Vice President; Lee Smith, Senior Vice President. These men contributed a total of 109 years to various Jewel companies. Their service was inspiring and distinctive.

Mrs. Jewel Stradford Lafontant, a member of our Board since 1971, has resigned to accept appointment as Deputy Solicitor General of the United States. We are proud of this distinguished woman and her counsel will be missed. Mr. Howard Rasmussen and Mr. Rilling Williams also retired as Directors. Mr. Rasmussen served your Company for 32 years and was Executive Vice President-Marketing when he retired. Mr. Williams was Chairman of Buttrey Foods when he retired after 36 years of service. We are indebted to each of them.

## OUTLOOK FOR 1973

We are confident of the ability of Jewel people to achieve the collective goals we have established for 1973. With or without governmental economic controls, we have for a long time seen it as our primary mission wherever and however possible to lower the prices of products we bring to our customers. We think that the government's intensified interest in the problems of food costs will in the long term be healthy for the food industry if that leads to government involvement in helping to cure some of the inefficiencies, archaic distribution practices, production waste, artificial crop curtailments, and other factors that hinder the retailer's ability to serve the customer at reasonable prices.

With its unusual challenges and pressures, 1972 demonstrated Jewel's distinctive people difference. While we cannot predict the impact of external forces at work in 1973 we can predict the ability of our people to cope with change and challenge.

## THANKS TO JEWEL PEOPLE

As we again say thanks to the thousands of Jewel people, full- and part-time, whose accomplishments we are so proud to report to you, we particularly want to include our Directors. As we have said to you in past Annual Reports, "Successes are again the accomplishments of thousands of dedicated, motivated, enthusiastic individuals whose satisfactions come from giving service, whose recognition comes in many ways..." This is no less true of each of our distinguished Directors without whose curiosity, wide ranging knowledge, commitment to Jewel, unusual involvement in the many facets of our business, and reliable counsel we would not be quite the Company that Jewel has grown to become.

Donald S. Perkins

D. S. Perkins

Weston Christopherson

W. R. Christopherson

Weston R. Christopherson Donald S. Perkins

# The Growing Jewel Companies

| BRIGHAM'S | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 118 | 113 |
| New stores added | 3 | 4 |
| Stores closed | 8 | 3 |
| Stores—end of year | 113 | 114 |
| Store area (average square feet) | 2,700 | |
| (range, square feet) | 1,100-7,100 | |

| BUTTREY FOODS | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 36 | 38 |
| New stores added | 3 | 3 |
| Stores closed | 1 | — |
| Stores—end of year | 38 | 41 |
| Store area (average square feet) | 23,800 | |
| (range, square feet) | 5,600-39,300 | |

| DIRECT MARKETING DIVISION | 1972 | Plan 1973 |
|---|---|---|
| Routes—beginning of year | 1,764 | 1,746 |
| Routes added | 1 | 9 |
| Routes closed | 19 | 15 |
| Routes—end of year | 1,746 | 1,740 |
| Customers served | 770,000 | |

| EISNER FOODS | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 34 | 36 |
| New stores added | 3 | 5 |
| Stores closed | 1 | 2 |
| Stores—end of year | 36 | 39 |
| Store area (average square feet) | 17,800 | |
| (range, square feet) | 7,800-27,400 | |
| Affiliate stores | 43 | 45 |

| G B ENTREPRISES | 1972 Add. | End of 1972 | Planned 1973 Add. | End of 1973 |
|---|---|---|---|---|
| Supermarkets | 10 | 106 | 3 | 109 |
| Department Stores | 1 | 11 | — | 11 |
| Restaurants | 6 | 52 | 1 | 53 |
| Self-service Dept. Stores | 5 | 35 | 1 | 36 |

| JEWEL FOOD STORES | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 260 | 264 |
| New stores added | 17 | 24 |
| Stores closed | 13 | 15 |
| Stores—end of year | 264 | 273 |
| Store area (average square feet) | 20,600 | |
| (range, square feet) | 7,200-38,500 | |

| MASS FEEDING | 1972 | Plan 1973 |
|---|---|---|
| Meals served (000's) | 9,534 | 13,800 |

| MIDCO, S.A. | 1972 Add. | End of 1972 | Planned 1973 Add. | End of 1973 |
|---|---|---|---|---|
| Self-service Dept. Stores | — | 11 | 2 | 13 |
| Supermarkets and Warehouse Stores | 2 | 30 | 7 | 37 |
| Restaurants | 2 | 14 | 5 | 19 |
| Fashion Apparel Stores | 1 | 2 | — | 2 |
| Car Wash & Lubrication | 1 | 2 | — | 2 |

| OSCO DRUG | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 181 | 188 |
| New stores added | 15 | 30 |
| Stores closed | 8 | 11 |
| Stores—end of year | 188 | 207 |
| Store area (average square feet) | 14,300 | |
| (range, square feet) | 6,400-33,900 | |

| REPUBLIC LUMBER | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 2 | 3 |
| New stores added | 1 | 3 |
| Stores—end of year | 3 | 6 |
| Store area (average square feet) | 25,500 | |
| (range, square feet) | 20,000-33,000 | |

| STAR MARKETS | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 54 | 55 |
| New stores added | 1 | 5 |
| Stores—end of year | 55 | 60 |
| Store area (average square feet) | 27,800 | |
| (range, square feet) | 13,500-44,300 | |

| TURN*STYLE | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 25 | 27 |
| New stores added | 2 | 2 |
| Stores—end of year | 27 | 29 |
| Store area (average square feet) | 93,100 | |
| (range, square feet) | 40,800-121,900 | |

| WHITE HEN PANTRIES | 1972 | Plan 1973 |
|---|---|---|
| Stores—beginning of year | 132 | 172 |
| New stores added | 45 | 49 |
| Stores closed | 5 | 14 |
| Stores—end of year | 172 | 207 |
| Store area (average square feet) | 2,500 | |
| (range, square feet) | 2,300-3,100 | |

®

The Distinctive Difference...

# People

In 1972 we published *The Jewel Concepts* to capture in writing those philosophies which have dependably served Jewel management teams over the years. The concepts simply update and expand the ideas expressed in *The Sharing of a Business* written in 1951 by Franklin J. Lunding, former President and Chairman. Thus it is not surprising that many of the concepts have to do with philosophies relating to our people.

## SHARING THE BUSINESS

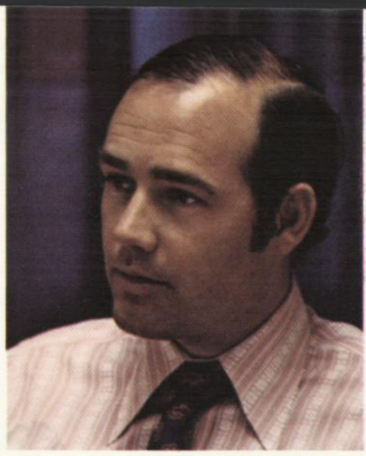
There is, of course, the basic Concept: Sharing The Business. This simple philosophy has people throughout Jewel Companies sharing problems and adversities, solutions and successes, seldom in individual endeavor but in team effort. Thus it is that most people in Jewel really care very little about who gets credit for what, being quite content to let what credit there is fall collectively on Jewel people.

## THE SPIRIT OF WANTING TO

Another Jewel Concept, The Spirit Of Wanting To, holds that human beings who themselves want to achieve high goals will be inspired to do so far in excess of those who are motivated by fear or by orders. In all parts of the business Jewel people set inspiring goals for themselves that go far beyond simply selling goods and in effect there is nurtured a crusading spirit.

## RECRUITING PROMISING PEOPLE

One of our singular philosophies is represented in another of the Jewel Concepts: Recruiting Promising People. We believe as did our predecessors that your Company's progress ten years from now is being determined by the quality of people we recruit today. Therefore, recruiting is one of the least delegated responsibilities carried by anyone in management. And it is a special challenge today when we emphatically seek to broaden our human resources—restless for more women in management, restless for greater numbers of minority people in all job levels throughout Jewel Companies, restless for more highly talented people of whatever color or sex on whom Jewel's tomorrow will surely depend.

## DEVELOPING PEOPLE FULLY

Equally important is the Concept: Developing People Fully. While we recognize that people are not developed by organizations, we vigorously maintain a leadership responsibility to provide a climate which encourages individual growth, inspiring people to develop themselves. Our fluid organizational philosophy lends itself to freedom of movement, creating opportunity for talent to work imaginatively. Indeed we expect Jewel people to break through job confines and to tackle new projects.

Our belief in something we call sponsorship is another element of the climate that encourages people to grow. The simple point here is that ambitious young people are paired with individuals in management who can help them put their work and their experiences and even their frustrations into perspective. Sponsors are challenged to help the young talent just as someone once helped them.

## MOTIVATING PEOPLE

Another of the Jewel Concepts is what gives fiber to all others: Motivating People. Our belief is strong that the individual spirit is motivated as much by human considerations as by material rewards, and this brings us right back to Sharing the Business. With sharing problems comes sharing the credit and the recognition for a job well done. With sharing successes comes sharing profits, both in the short term and for retirement years. With sharing one's talents and experiences to help others grow comes the satisfaction of having invested in Jewel's future. With sharing information about what's going on in Jewel Companies comes a sense of participation which is essential to individual and group commitment remaining firm. With sharing thanks for satisfactorily serving Jewel customers comes satisfaction that fires the spirit to do even better.

Believing as we do that Jewel's distinctive difference is people and that the challenges of the '70s as seldom before have spotlighted that difference, we are pleased to use this year's Annual Report as a salute to Jewel People, a way of saying thanks for all that each person means to what we are able to achieve together. When all around us companies endeavor to maintain a sameness of image, we take pride in illustrating the diversity of the Jewel philosophy at work.

A copy of THE JEWEL CONCEPTS is available by writing to: Jewel Companies, Inc., Communications Department, O'Hare Plaza, 5725 N. East River Road, Chicago, Illinois 60631.

John Haugabrook is working with Joe Bugos toward providing better service for Jewel Food Stores' central city customers. He wants to get more community people working in their own stores.

When blacks complained they were not getting the in-depth training they needed, John responded. "We held ten chalkboard sessions. They wanted to know the theories behind our food retailing policy. We talked about sales forecasting, scheduling and general marketing philosophies. They had been instructed 'what' to do; we filled in some of the 'why'."

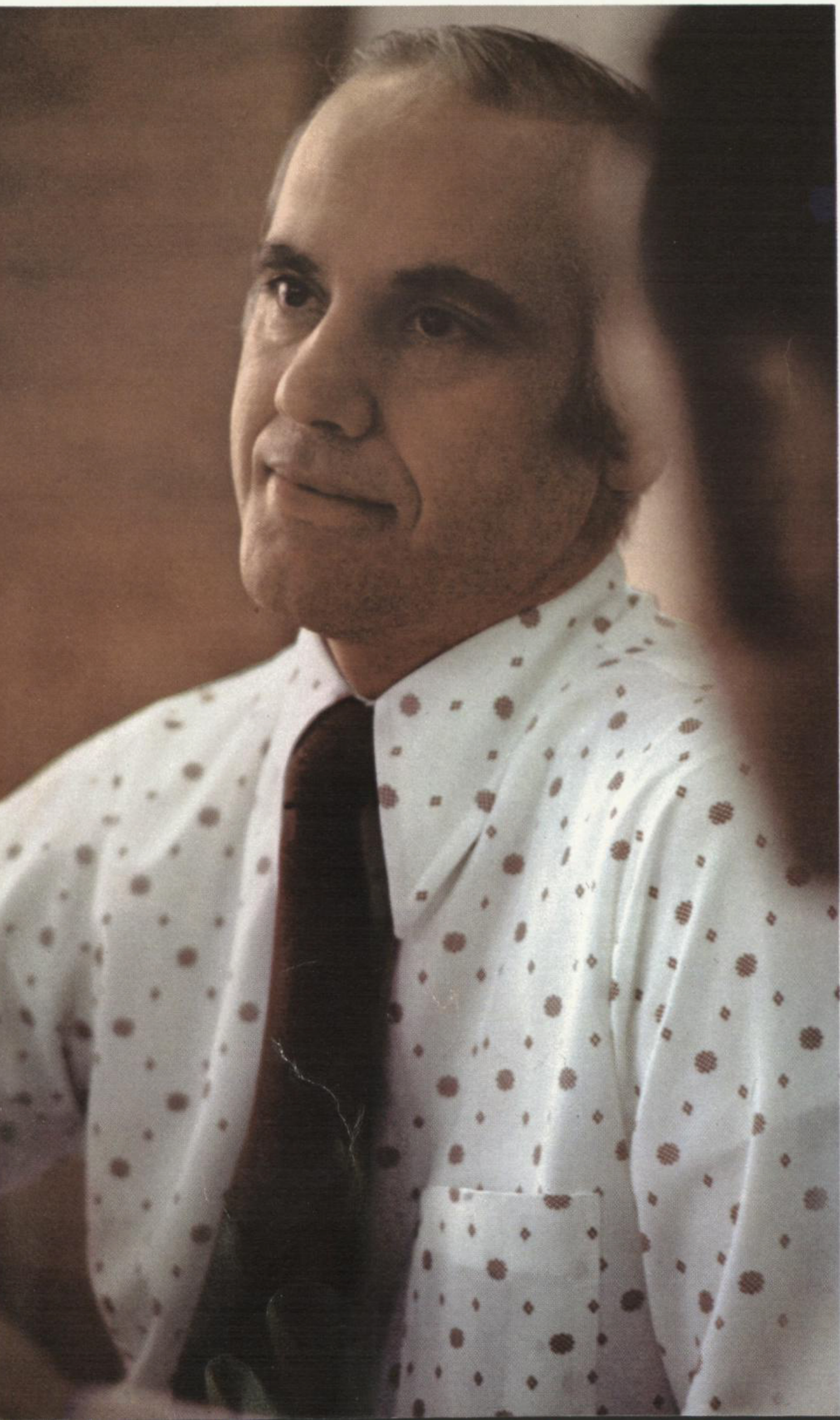

Pam Flaton is Advertising Manager for Republic Lumber, the newest Jewel company. With a small staff, she plans, designs and places all Republic ads. Pam is energetic and enthusiastic about her business. "I'm anxious to increase public recognition of the Republic name."

Andy Hursey started with Eisner in 1937 when the Eisner family operated only a franchised food store. He still works part-time as a receiving clerk.

"Each manager has given me the privilege of checking things my way, because he knew I was going to do it right. When I first came to this particular store, the inventories were not so good. Two months later, things had improved. I'm not saying I'm responsible for all the change, but I helped a little."

"When we are questioned about what we are doing in the central city," says Vice President Joe Bugos, "we can talk about more than the intangible. We have invested money in stores, providing service and job opportunities to the neighborhood.

"Every marketing area has its own set of operating problems. We try not to pass our problems on to the consumer."



Joe Bugos is an operating vice president in the Jewel Food Stores and probably the one person most responsible for developing Jewel's commitment to operate stores in Chicago's central city.

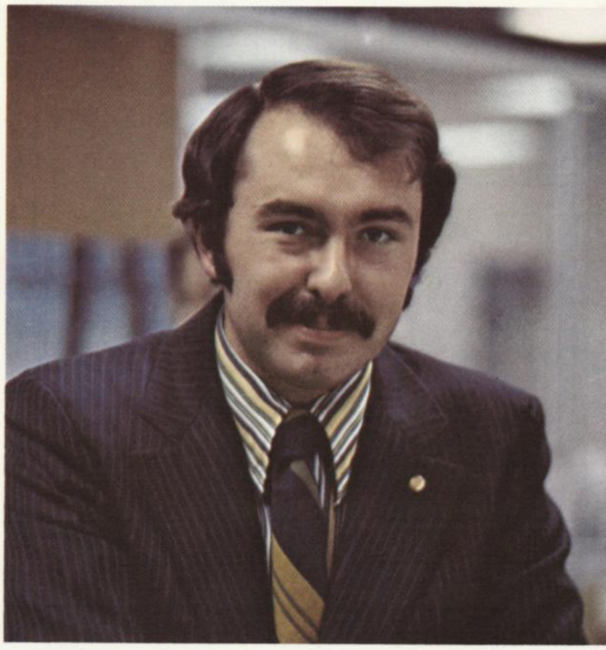
Joe Bugos is sensitive to human needs, yet is a tough-minded operator. He works facts and figures into a well-organized plan of action—and then helps his team get results. He doesn't spare himself or those who work with him, and Jewel people regard him as a remarkably fine leader.

Success for Jewel did not come easily in central city stores. It took five years to turn losses into gains. "It's a long time to wait, believing you can do something, yet not seeing it happen," said Bugos.

The determination to stick it out was grounded in a management philosophy which said, "Jewel and the city of Chicago are synonymous. If Chicago isn't a healthy city, Jewel isn't healthy. Jewel standards of service and product must be equally good in all neighborhoods of the city."

Gary Charboneau is one of the key people responsible for having implemented a new Osco guarantee policy: "We want you to be pleased with everything you buy at Osco. If it isn't all you expected it to be, return it to any Osco Drug Store for a complete refund, exchange or adjustment to your satisfaction..."

Gary is Osco's Advertising Manager. He wanted everybody in Osco to understand the real spirit of those words, so that he could claim Osco's guarantee in their ads.

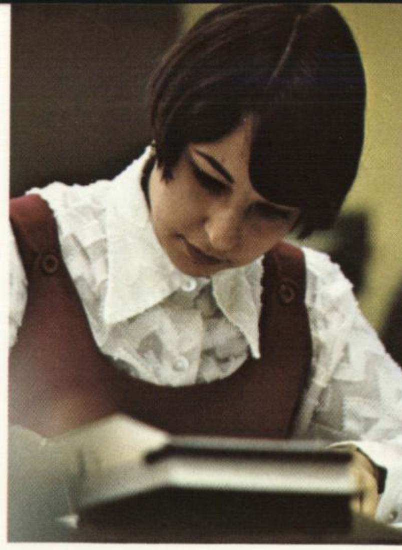


Al Schubert (right) and Les Eck are responsible for implementing a new meat packing and vacuum sealing process for Buttrey. This boxed beef program results in a significant saving in store delivery costs and contributes to increased sales per man hour. Buttrey wants to lower meat prices. More efficient packing and distribution systems work toward that goal.

Tom Brennen is maintenance engineer at Brigham's ice cream plant in Arlington, Massachusetts. Through manufacturing facilities like this, Jewel people are able to improve quality and reduce or control costs for private label products.

Maria Medina, one of 29 Spanish-speaking people at the Direct Marketing Division's Barrington plant, has her job as a result of DMD's affirmative action program for minority people and the efforts of the Lake County, Illinois Urban League. These people have been helped in their new job environment by Jewel plant foremen who cared enough to study Spanish in order to meet these new workers half way.

Recruiting is everybody's job. Attracting promising people into the business requires the time and energies of the busiest of Jewel people—the company presidents. Jewel Food Stores' President Harry Beckner (right) talks with a potential management candidate about the food retailing side of Jewel Companies.



Judy Brija went to college for a semester, then decided to enter the business world. At White Hen Pantry she learned accounting and today, with seven other accounting clerks, Judy keeps the records for 131 franchisees.


Bob Howard came to Jewel after receiving his MBA at Harvard in 1972. Now working for Osco as an assistant store manager, Bob is learning and enjoying the "people" end of the business.

"I'm anxious to get my part-timers more involved in their jobs. They're a crucial part of the organization, and if they feel that importance, they'll do a better job."

Jim Bruskotter started as a "box boy" part-time during high school. When he won a Buttrey scholarship, he still wasn't thinking of Buttrey in terms of a career. Jim majored in Business and worked full-time in a Buttrey store while attending college. When Jim graduated, he stayed.

"I've noticed that there is very little turnover at Buttrey. I think it's because they let you try new things. There is participation. I see myself eventually as a store manager. I like the action in retailing—the people."

"Caring about people is an easy thing for a company to say," observed Pedro Gutierrez, "but it's not so easy to follow through. In this company the talk is backed by conviction. I think that is why people stay with a company for many years. It is why I work hard to recruit good people for Jewel."

Steve Harmon of Eisner is one of the many thousand part-timers throughout Jewel. Probably the most visible of all Jewel people, part-time checkers, baggers and clerks meet the daily challenge of customer relations. What's more, young people like Steve are an invaluable source of full-time and management talent after they complete school.

Pedro Gutierrez is a Cuban refugee. Shortly after his marriage, Pedro and his wife Riselda put their names on a list of those wanting to leave the country. On July 16, 1962, after 18 months of waiting, the Gutierrezes flew to the United States, leaving all belongings behind.

A new American neighbor brought Pedro to Jewel Food Stores' offices only two weeks later. Instructed not to open his mouth (he spoke only Spanish at the time) Pedro watched while his neighbor explained the situation to the bakery personnel manager. Pedro went home with a job. Today he is an employment manager for Jewel Food Stores.

Pedro's is a very real success story. Jewel's success story continues to be one of people like Pedro who believe in the business and have involved themselves in maintaining and expanding its ideals.

Pedro is busy encouraging other folks, especially Latins, to build a career with Jewel. There are frustrations in his job...he pulls out a huge folder of job applications. "These people are waiting to become full-timers." Pedro must explain to many of the community groups he works with that openings come slowly. It is not easy to ask his people to wait and be patient.

When jobs open up and Pedro can tell an applicant the good news, he calls them in to explain payroll and benefit plans.

"I tell them about the profit-sharing plan, about our medical and disability program; and I may even share some of my personal job experiences with them. I explain it is easy for a company to say 'we care in good times and in bad.' but it is a hard thing to do. Jewel follows through." Pedro Gutierrez speaks from experience.

In Tony Angelucci's first year in Star management, most of his "free time" became "school time." Over a twelve month period Tony participated in 14 separate seminars, short courses and training sessions for new people in management. "The people at Star were willing to teach me the business." Today Tony does the same for produce managers in 13 Star stores.

"I'm anxious to help those in my store develop the management skills they need to go further in this business," says Jeannine Caskey.

Jeannine Caskey joined Jewel as a clerk in 1964, and is presently manager of a Jewel Food Store. She describes herself as "the curious type, always asking questions." Obviously, she has found the answers interesting and Jewel people along the way willing to help her. She admits the climb to store manager hasn't been easy but "there have been a lot of wonderful people who have been willing to share what they know with me." The "sharing" has also been necessary at home, where splitting up the chores between her daughter, her husband and herself makes possible her dual career as homemaker and store manager.

It is apparent that those who have worked for Jeannine respect her highly, saying, "She knows her business...she's a no nonsense manager." Jeannine comments, "Customers sometimes seem a little surprised to be dealing with a female manager, but I learned to expect their surprise."

Developing people in her store is one of Jeannine's main concerns. "Each of my former managers worked closely with me to help develop my abilities, and I'm anxious to do the same for the people in my store." As with all successful store managers, she encourages the questions of others, who, like herself, are fascinated with the retail food business.

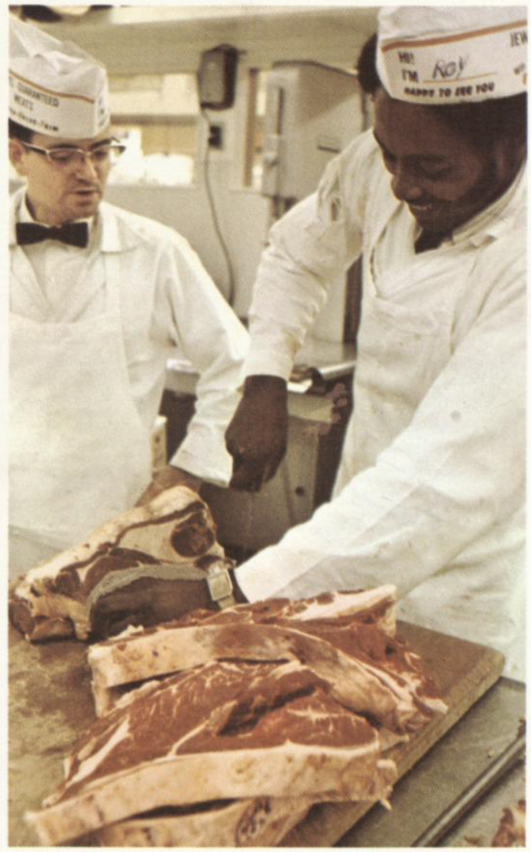
A highly regarded psychologist, Dr. Henry Meyer, works closely with Jewel's Development Appraisal Center. The Center conducts two-day sessions designed to appraise individual strengths and weaknesses and to crystallize self-development programs for middle management people.

After observing the participants through role playing, testing and simulated management problems, trained assessors—three from Jewel and three from an outside professional firm—evaluate the participants and make recommendations to them for improving their management skills.

Perhaps more than any other individual's, Dr. Meyer's activity represents Jewel's commitment to the development of human resources.

Developing people fully means removing conventional barriers such as "promotable age." Ed Clark of Eisner will retire in 1974. Last year he was made Vice President of Distribution.

Andy Cosentino is First Assistant to 58 Jewel Food Stores' managers. In counseling managers on how to deal with their people he stresses the need to develop rapport and to provide them with feedback about their jobs. "First Assistants at any level have to evaluate the job that is being done by each individual and make suggestions for improvement. We have to help Jewel people understand the importance of their individual contributions to this business."



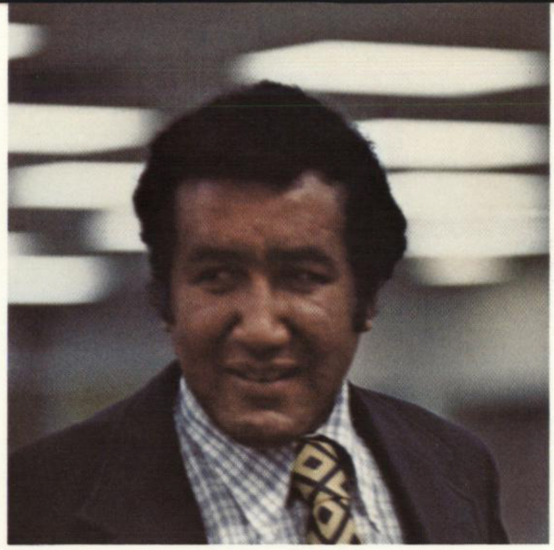

The Jewel Food Stores' Coaching Program trains the disadvantaged with in-store coaching and classroom instruction. Since the program began in 1968, 362 people have participated in the training. Of these, 228 are still with Jewel. Here Roy Wells trains on-the-job with the help of market man David (Casey) Sewnig.

In 1970, after 10 years with Buttrey, Dick Hensley (right) decided to go to college.

"I concentrated on training Bill Cortright (left) and Dennis Anderson (center), to run the data processing operation. I realized another person had to be better developed—me. When certain accounting problems came up, I was at a loss.

"With the backing of my family and some flexible hours at Buttrey, I finished my B.A. in Business in 3 years. I had insights into many of the things we studied, but formalizing it with a degree has given me more self-confidence and opened up new opportunities."

Wayne Lynch is merchandise manager of Turn*Style's recreation departments. He works closely with buyers in the Franklin Park, Illinois office and with the divisional sales managers in the field. Together with his buyers and sales managers, Wayne develops the recreational merchandise strategy for all 27 Turn*Style stores.



"Working in the buying field is not an in-today, out-tomorrow proposition," explains Lois Cameron. "You need to build up a working relationship with suppliers, a feeling of trust, and that takes years. You have to be willing to put in the long hours it takes."

Lois Cameron is a buyer of home furnishings for Turn*Style. She has been with Jewel for over 20 years, starting in the Home Shopping Service as a buyer's assistant.

As a woman rich in experience with several of the Jewel companies, Lois comments, "Management opportunities were given to me early in my career with no hard and fast rules. I never felt that there were any restrictions.

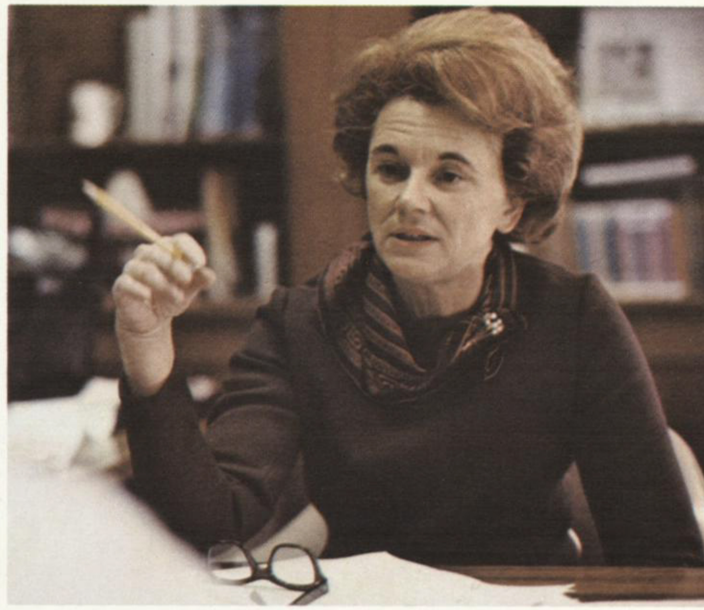
"Much of the on-the-job success in management is a function of time. I have known many women who said they wanted the chance to move ahead, but when it came right down to the wire they were not willing to put in the time. If the dedication is there, the opportunity definitely exists for women at Jewel."

Lois was one of the first women in Jewel Companies to become a senior executive. Over the years she has brought to her merchandising job a sincere concern for our customers. This concern coupled with her own natural integrity and sense of fairness has brought her success in the marketplace.

Recently, a Star store manager, Charlie Smith, borrowed a canoe and costume to promote Star's new Indian Bread. Charlie is well known at Star for his promotional flair. Star people in his store wouldn't switch jobs or stores for fear of missing the next innovation. Working hard in Charlie's store is a by-product of the fun people have working with him.


Individuals can be motivated by the atmosphere they encounter on the job. Bob Poole coordinates Buttrey's shipping and warehousing operations. Because Buttrey's stores are widely scattered over a four state area, trips average 390 miles—ten times the average delivery distance of a Jewel Food Stores' driver.

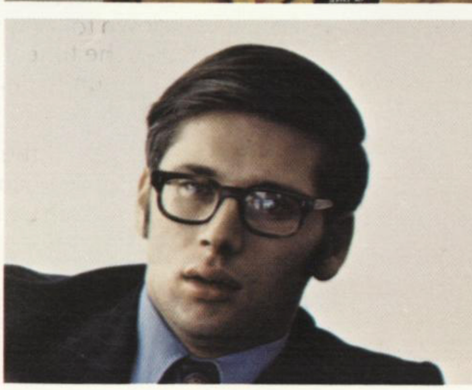
Long haul delivery creates problems. "Cooperation and a feeling of trust between our people is what makes it work. If a mistake is made, people don't point an accusing finger. It's a one-time thing and that's the end of it."



Betty McFadden is Vice President of Merchandising for the Direct Marketing Division. "I was a Jewel executive long before it was in vogue for women to be in management.

"We expect a lot from our people and it's difficult to handle a management job and the day-to-day living activities that traditionally have been handled by the wife and mother... but, attitudes are beginning to change slowly and this includes women's opinions of themselves and their roles... we need more women who see themselves as management people."


Consumers motivate Jewel people to do their best. In Lily Oshiro's case, very descriptive reactions come from the school children who eat hot lunches provided by Jewel's Mass Feeding Corporation. As a customer representative for MFC, Lily visits the schools to insure top service and to get feedback from our young consumers.



Ron Glass heads the Case'n Bottle team, a group of six people responsible for this developing company. Today operating four stores, Case'n Bottle plans to open more units in 1973. A new company, a new venture for Jewel, it's a chance for a small group to show what they can do.

Gene Anderson is a receiving clerk in an Osco store. Ten months ago, he was experiencing shortness of breath and tiredness. When he ran to answer the telephone, he had to stop and catch his breath before he could talk. The cause was diagnosed as a defective heart valve. Gene needed heart surgery. The final bills totaled $12,000.

"What person can afford a $12,000 operation without insurance?" Gene commented in a recent interview. "You couldn't do it. And I don't think most hospitals would give that much credit."

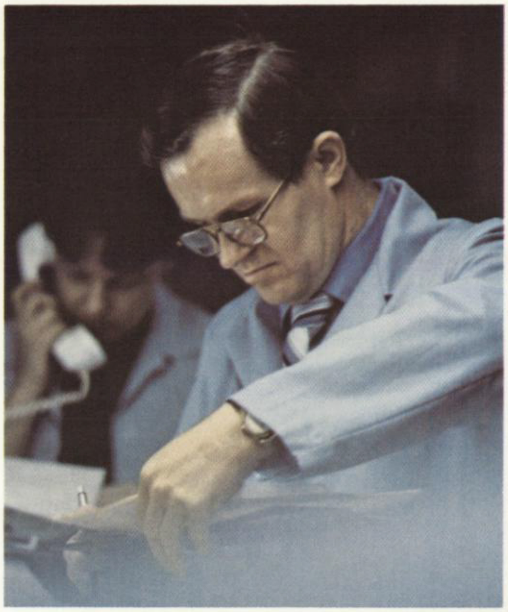
With Jewel's Package Plan health care benefits, Anderson had the large scale emergency coverage he needed.

During open-heart surgery Gene's defective heart valve was replaced with an artificial valve. Gene was out of work from May through November. During that recovery period he received disability pay.

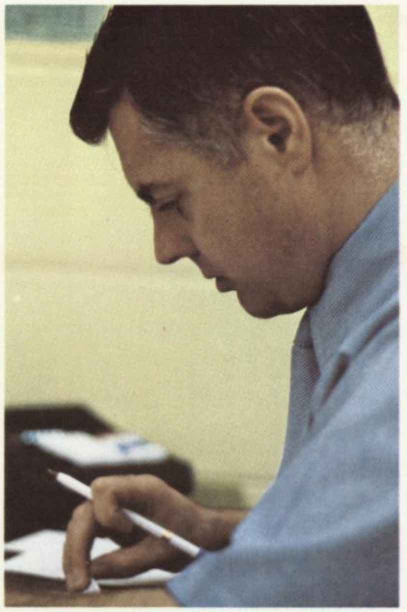
"When you're staring open-heart surgery in the face, you're scared. If you don't have adequate insurance, you've got even more to worry about. With a health insurance identification card in my possession and knowing all the coverage that it represented, I felt a little better—protected you might say."

"A person doesn't realize the worth of his benefits until he experiences them," continued Gene Anderson. Today, after three hospitalizations and surgery, Gene is working a 40-hour week and feels great. Out of a total bill of nearly $12,000 he paid $533.

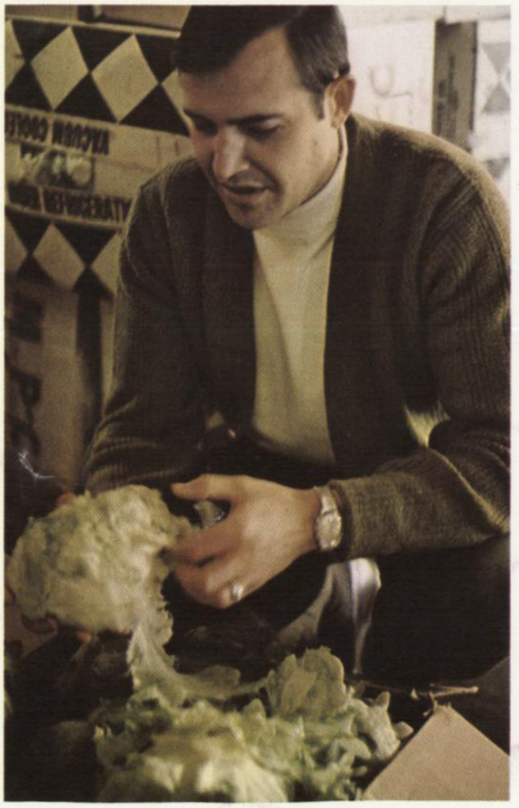
"When you're staring open-heart surgery in the face, you're scared. If you don't have adequate insurance, you've got even more to worry about," comments Osco's Gene Anderson.



Late in '71 when Max Jenkins was a director of pharmacy, Osco asked Max to be responsible for the construction and operation of a photo finishing lab. Max recalls his stunned amazement: "Of course my answer was 'yes' but at that time I didn't even own a camera that worked and knew nothing about photo-finishing." In retrospect... "I realize I was a very lucky person... given the chance to share in starting the business from scratch."

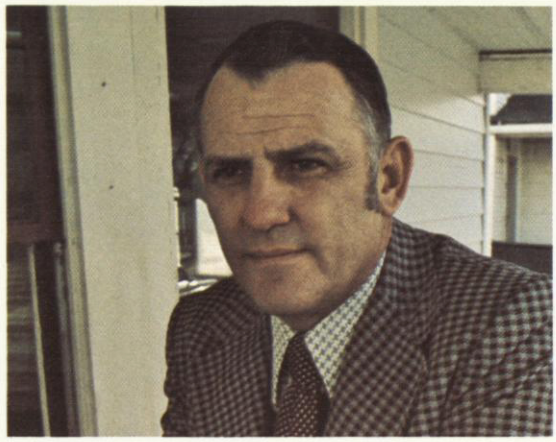


JEBS (Jewel, Eisner, Buttrey, Star) is the Jewel Companies, Inc. consolidated produce buying system. Through coordinated purchasing; in-field product inspection and buying; and prompt delivery, the people in JEBS like Ken Bengochea keep tight control on our perishables—insuring quality and profit in a high-risk area of the business. (Ken is in the process of transferring from the JEBS buying operation in Salinas, California to Eisner's headquarters in Champaign, Illinois to become their produce merchandiser.)



Roger Nemetz is responsible for the administration of all group benefit programs for Jewel people. This includes establishing the necessary coordination between each Jewel company and corporate headquarters. Roger is also involved in continuous research in order to keep our plans current so that the needs of Jewel people and their families may be best served.

Walter Rajewski is a baker. He is 57, and until Star found him in 1969 he thought he was retired. Star brought him to Boston to run their Dorothy Muriel Bakery. Motivation? The project was his. "Once you assume the responsibilities of a job at Star you get everything with it. They don't delegate responsibility and then take half of it away from you." In the three years since Walter took over, bakery sales have tripled.



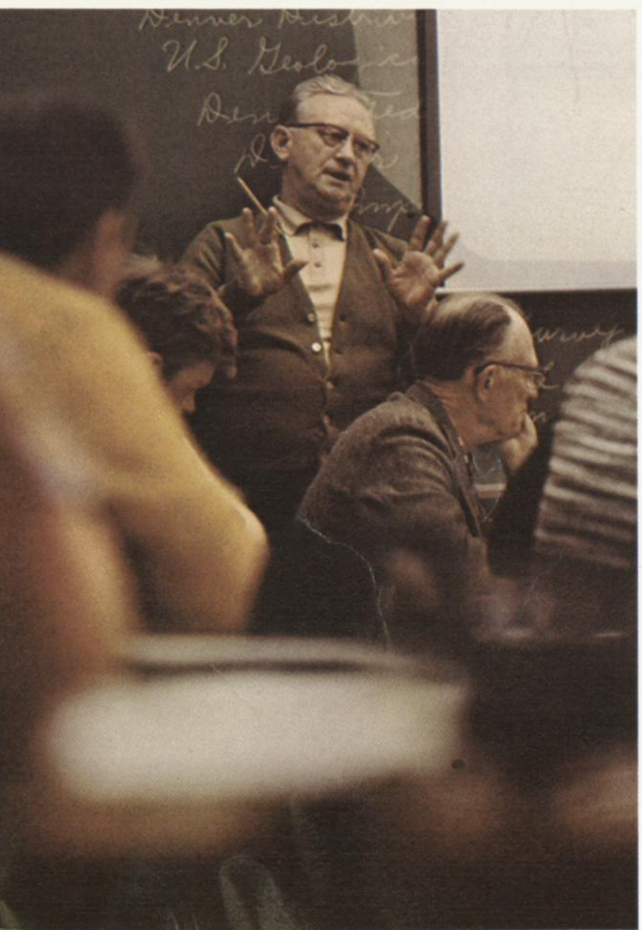
Walter Allabaugh of Direct Marketing Division and his wife, Lois, lost everything they owned when tropical storm Agnes flooded their home in Wilkes-Barre, Pennsylvania last June. "Jewel people helped us clean-up and restore our lives."

When tropical storm Agnes ravaged the eastern states, it disrupted the lives of several Jewel families. Walt Allabaugh, Jewel's Wilkes-Barre, Pennsylvania manager, suffered the greatest losses. The water reached a height of five feet on his second floor, destroying cherished possessions that had been moved there, hopefully out of reach of the flood waters. As Allabaugh described it, "When the water receded, we went home and pried open the dresser drawers, swollen from the water, to find family pictures, old mementos, and personal belongings destroyed by the mud and water. Everything in our home had to be thrown out."

Jewel people like Bine Cunningham, Garry King, and Larry Moulthrop spent countless hours helping the Allabaughs clear out the house and dismantle two garages that the flood waters washed into their yard. Together they placed a lifetime of family possessions at the curb for removal crews. "Jewel people helped us clean-up and restore our lives."

Jewel responded, too. Jewel guaranteed each family's income until business could be restored, and offered to replace lost household and personal goods with items carried in the Jewel catalog. "One comes to understand even better our Jewel Philosophy of Sharing when he is hit like I was," Walt said.

While Walt Allabaugh and his wife, Lois, live in a trailer awaiting the restoration of their home, he is busy restoring service to affected Jewel customers.



Al Exler is retired now. He worked for Jewel Food Stores and Turn*Style for 27 years. Today he shares in the benefits of his work through JCRE, Jewel's profit sharing retirement plan. Here he shares his skills as a fisherman by teaching an adult evening class at York Community High School in Elmhurst, Illinois.

# Summary of Significant Financial Policies

For the information of our shareholders, we have listed below those key financial philosophies and strategies employed by Jewel Companies, Inc. to insure orderly growth of the Company within a sound financial structure.

- The Board of Directors guides and approves Jewel's overall financial structure and plans.

- The Executive Committee of the Board of Directors is responsible for the allocation and reallocation of the financial resources among the various operating companies. One of the criteria for capital allocation is the existing return on investment within each company, as well as its prospect for increased return in the future.

- While it is expected that internally generated cash flow will be utilized for the continued growth of Jewel Companies, additional Corporate long-term debt may be added to take advantage of investment opportunities. It is planned that Corporate debt, exclusive of debt of real estate affiliates, will not exceed one-third of total capitalization, notwithstanding our ability to incur Corporate long-term debt of 40 per cent of total capitalization under provisions of existing loan agreements. This programmed borrowing reserve is designed to take advantage of unusual or unexpected opportunities as well as to protect the Company in the event of unforeseen contingencies.

- New store facilities are financed whenever possible through the Company's real estate affiliates, where, based upon a lease from Jewel Companies, Inc., individual affiliated real estate corporations borrow approximately 95% of the cost of the land and buildings. Utilizing Jewel real estate affiliates for financing retail properties contributes not only to the growth in earnings of the Company through lower financing costs, but also retains the residual value of these properties for the Company.

- Financial commitments for new facilities developed by the Company's real estate affiliates are arranged before the start of construction. As of February 3, 1973, the Company has invested funds of $14,900,000 for construction in progress. As of the same date, the Company had permanent financing commitments totaling $19,300,000 to cover these properties when completed and other construction expected to start in the immediate future.

- Lines of credit are maintained with commercial banks, presently totaling $52 million, to assure the availability of adequate short term funds to meet seasonal borrowing requirements and/or to fully support seasonal sales of commercial paper. The bank lines are in turn supported by cash balances at the line banks. The arrangements with the banks are informal in nature; the supporting balances are generated through regular banking activities and do not restrict the availability of such supporting funds in meeting our daily obligations.

Through continued forward financial planning and adherence to the above philosophies and strategies, it is the objective of your Company to continue to maintain its A-1 rating on its commercial paper and its A rating on Corporate long-term debt.

# Summary of Significant Accounting Policies

**PRINCIPLES APPLIED IN CONSOLIDATION**

The consolidated financial statements include the accounts of Jewel Companies, Inc., its wholly-owned subsidiaries and its affiliated real estate corporations. Jewel owns preferred stock convertible into 99% of the equity of the real estate affiliates. The equity of the Company in the net assets of the consolidated subsidiaries and affiliated real estate corporations is the same as the carrying amount of the investments. Substantially all intercompany transactions are eliminated.

The Company has invested in companies—foreign and domestic—whose statements are not consolidated herein. Its investment in GB Entreprises (Belgium), 12.5% owned, is carried at cost. Investments in Midco, S.A. (Mexico), 49.1% owned, and Mass Feeding Corporation, 54.6% owned, are carried at cost plus equity in undistributed earnings since acquisition.

**PRE-OPENING COSTS**

The Company follows the practice of charging all expenses incurred prior to the opening of a new retail unit or other facility against income as they are incurred.

**DEPRECIATION**

Straight-line depreciation over the useful lives of depreciable property is used for financial statement purposes. The useful lives approximate 37 years for buildings, 17 years for leasehold improvements, 10 years for equipment, 6 years for trucks and trailers and 3 years for passenger cars.

**INCOME TAXES**

The Company reflects the investment tax credit as a reduction in federal income taxes in the year eligible equipment purchases are made.

The Company's policy is to provide for all taxes on earnings of foreign investments expected to be repatriated. Taxes not provided on foreign earnings reinvested for indefinite periods are not material.

Deferred income taxes arise because of differences in the timing in reporting items of income and expense for tax purposes compared to their recognition in the financial statements. The primary differences occur in depreciation, credit sales, self-insured losses, contingent compensation and foreign income. The portion of such taxes which are estimated to be payable in the ensuing year are included in Current Liabilities with the balance included in Deferred Income Taxes.

**INVENTORIES**

Inventories are valued at the lower of cost or market, with cost being determined on a first-in, first-out basis. Out-of-season and discontinued merchandise is reduced to expected realizable value.

**PROFIT SHARING AND RETIREMENT COSTS**

Nearly all employees meeting service requirements are covered by profit sharing plans under which the Company makes annual contributions determined by formula related to earnings to provide retirement benefits. Retirement funds are held in trust, apart from Company funds. Benefits are determined by the market value of the trusts (approximately $203,000,000 at the end of 1972) and are fully funded.

The Company also provides retirement benefits for certain employees through contingent compensation plans and by payments to industry pension plans. These costs are for current service and entail no past service liability.

**OTHER DEFERRED LIABILITIES**

Costs associated with the Company's self-insurance and contingent compensation plans are charged against current earnings. The portion of such costs estimated to be payable in the ensuing year is included in Current Liabilities with the balance included in Other Deferred Liabilities.

# Statement of Financial Position

| | Feb. 3, 1973 | Jan. 29, 1972 |
|---|---|---|
| | (In thousands) | |
| **Current Assets:** | | |
| Cash | $ 14,967 | $ 22,018 |
| Marketable securities and certificates of deposit, at cost which approximates market | 6,083 | 8,708 |
| Accounts receivable, less allowances ($1,248,000 and $1,003,000, respectively) | 24,582 | 21,827 |
| Inventories | 150,956 | 136,981 |
| Prepaid expenses and supplies | 6,493 | 6,330 |
| Total current assets | 203,081 | 195,864 |
| **Investments (principally foreign affiliates)** | 36,865 | 36,243 |
| **Property, Plant and Equipment (at cost):** | | |
| Buildings | 139,871 | 123,146 |
| Equipment and leasehold improvements | 293,618 | 249,379 |
| | 433,489 | 372,525 |
| Less allowance for depreciation and amortization | 152,571 | 134,922 |
| | 280,918 | 237,603 |
| Land | 57,374 | 50,252 |
| Total property, plant and equipment | 338,292 | 287,855 |
| | $578,238 | $519,962 |

| | Feb. 3, 1973 | Jan. 29, 1972 |
|---|---|---|
| | *(In thousands)* | |
| **Current Liabilities:** | | |
| Accounts payable | $ 81,160 | $ 76,220 |
| Payrolls and other expenses | 51,015 | 44,815 |
| Income taxes | 8,835 | 8,071 |
| Current maturities of long-term debt: | | |
| Obligations of Jewel Companies, Inc. | 2,029 | 2,080 |
| Obligations of real estate affiliates | 4,555 | 3,910 |
| Total current liabilities | 147,594 | 135,096 |
| **Long-Term Debt, less current maturities:** | | |
| Obligations of Jewel Companies, Inc. | 77,691 | 71,796 |
| Obligations of real estate affiliates | 83,529 | 68,859 |
| **Deferred Income Taxes** | 24,674 | 19,405 |
| **Other Deferred Liabilities** | 6,637 | 5,727 |
| **Shareholders' Equity:** | | |
| Preferred stock—3¾% cumulative $100 par value—authorized and issued 31,500 shares at Feb. 3, 1973 | 3,150 | 3,150 |
| Common stock—$1 par value—authorized 25,000,000 shares, issued 7,471,283 shares at Feb. 3, 1973 | 71,480 | 69,998 |
| Retained earnings | 164,675 | 147,108 |
| Treasury stock at cost | (1,192) | (1,177) |
| Total shareholders' equity | 238,113 | 219,079 |
| | $578,238 | $519,962 |

The accompanying notes and summary of significant accounting policies are an integral part of the financial statements.

# Statement of Earnings

| | 53 Weeks Ended Feb. 3, 1973 | 52 Weeks Ended Jan. 29, 1972 |
|---|---|---|
| | (In thousands) | |
| Sales: | | |
| Supermarkets | $1,458,299 | $1,332,480 |
| Drug Stores | 232,868 | 204,795 |
| Self-Service Department Stores | 173,270 | 148,843 |
| Direct Marketing Division | 81,901 | 81,247 |
| Restaurants | 20,404 | 18,891 |
| Other Sales and Revenues | 42,552 | 28,993 |
| Total Sales | 2,009,294 | 1,815,249 |
| Cost of Doing Business: | | |
| Cost of goods sold | 1,578,810 | 1,425,272 |
| Selling, general and administrative expense | 376,887 | 339,432 |
| | 1,955,697 | 1,764,704 |
| Operating Income | 53,597 | 50,545 |
| Foreign Income | 4,271 | 4,081 |
| Interest Income | 404 | 529 |
| Interest Expense: | | |
| Obligations of Jewel Companies, Inc. (principally long term) | (5,577) | (5,216) |
| Obligations of real estate affiliates (long term) | (5,994) | (4,681) |
| Earnings Before Income Taxes | 46,701 | 45,258 |
| Provision for Income Taxes | 18,034 | 18,550 |
| Earnings Before Extraordinary Item | 28,667 | 26,708 |
| Extraordinary Item—Gain on sale of portion of investment in G B Entreprises, net of income taxes of $562,000 | 1,199 | — |
| Net Earnings | $ 29,866 | $ 26,708 |
| Earnings per Average Common Share Outstanding: | | |
| Before extraordinary item | $ 3.84 | $ 3.60 |
| Extraordinary item | .16 | — |
| Net Earnings | $ 4.00 | $ 3.60 |

# Statement of Retained Earnings

| | 53 Weeks Ended Feb. 3, 1973 | 52 Weeks Ended Jan. 29, 1972 |
|---|---|---|
| | (In thousands) | |
| Beginning of Year: | | |
| Jewel Companies, Inc. | $ 146,516 | $ 131,571 |
| Republic Lumber Company (pooled company) | 592 | 521 |
| | 147,108 | 132,092 |
| Add net earnings | 29,866 | 26,708 |
| | 176,974 | 158,800 |
| Deduct cash dividends declared: | | |
| Preferred stock—$3.75 per share | 58 | 84 |
| Common stock—$1.645 per share in 1972; $1.575 in 1971 | 12,241 | 11,608 |
| | 12,299 | 11,692 |
| End of Year | $ 164,675 | $ 147,108 |

The accompanying notes and summary of significant accounting policies are an integral part of the financial statements.

# Statement of Changes in Financial Position

| | 53 Weeks Ended Feb. 3, 1973 Extra-ordinary Item | 53 Weeks Ended Feb. 3, 1973 Operations | 52 Weeks Ended Jan. 29, 1972 |
|---|---|---|---|
| | (In thousands) | | |
| **Source of Funds—** | | | |
| From Operations: | | | |
| Net earnings | $ 1,199 | $28,667 | $ 26,708 |
| Charges and credits not affecting funds: | | | |
| Dividends from unconsolidated affiliates in excess of or (less than) equity in earnings for the year | | (3,706) | 338 |
| Depreciation and amortization | | 27,708 | 23,336 |
| Deferred taxes and other deferred liabilities | | 6,179 | 3,872 |
| | 1,199 | 58,848 | 54,254 |
| Sale of capital stock (net) | | 1,467 | 1,634 |
| Increase (decrease) in long-term debt: | | | |
| Jewel Companies, Inc.: | | | |
| New debt | | 15,425 | 866 |
| Repayments | (5,453) | (4,077) | (5,863) |
| Real estate affiliates (net) | | 14,670 | 7,244 |
| | $ (4,254) | $86,333 | $ 58,135 |
| **Use of Funds—** | | | |
| Dividends to owners of the business | $ | $12,299 | $ 11,692 |
| New property, plant and equipment (net) | | | |
| Jewel Companies, Inc. | | 59,444 | 46,220 |
| Real estate affiliates | | 18,701 | 15,649 |
| Increase (decrease) in investments | (4,254) | 1,170 | 3,239 |
| Increase (decrease) in working capital | | (5,281) | (18,665) |
| | $ (4,254) | $86,333 | $ 58,135 |
| **Change in Working Capital—** | | | |
| Increase (decrease) in current assets: | | | |
| Cash | | $ (7,051) | $ (863) |
| Marketable securities | | (2,625) | (23,412) |
| Accounts receivable | | 2,755 | (697) |
| Inventories | | 13,975 | 15,222 |
| Prepaid expenses and supplies | | 163 | 1,372 |
| | | 7,217 | (8,378) |
| Increase in current liabilities: | | | |
| Payables, accruals and taxes | | 11,904 | 8,304 |
| Current maturities of long-term debt | | 594 | 1,983 |
| | | 12,498 | 10,287 |
| Increase (decrease) in working capital | | $ (5,281) | $ (18,665) |

The accompanying notes and summary of significant accounting policies are an integral part of the financial statements.

### Acquisition

During 1972, the Company acquired all of the outstanding stock of Republic Lumber Company in exchange for 50,000 shares of previously unissued Jewel common stock. This acquisition has been treated as a pooling of interests and accordingly the financial statements for the year ended January 29, 1972 have been restated to reflect the combination.

### Investments

| | Feb. 3, 1973 | Jan. 29, 1972 |
|---|---|---|
| | (In thousands) | |
| Affiliates: | | |
| At cost plus equity in undistributed earnings since acquisition: | | |
| Midco, S.A., Mexico (49.1%) | $29,504 | $25,445 |
| Mass Feeding Corporation (54.6% and 50.1%) | 1,761 | 1,685 |
| At cost—G B Entreprises, S.A., Belgium (12.5% and 18.2%) (market value is approximately $14,000,000) | 4,014 | 8,268 |
| All other | 1,586 | 845 |
| | $36,865 | $36,243 |

The carrying basis of the investment in Midco, S.A., and Mass Feeding exceeds the Company's equity in the book value of underlying assets by approximately $14,750,000 and $940,000, respectively.

### Long-Term Debt

Long-term debt at February 3, 1973 was as follows:

| | Rate | Total Debt | Maturities |
|---|---|---|---|
| | | (In thousands) | |
| Jewel Companies, Inc. | | | |
| Insurance Companies | 6.875%-7.875% | $45,000 | 1974-1994 |
| Domestic Banks | 4.5% | 18,750 | 1973-1987 |
| Foreign Banks | 6.56%-7.00% | 9,000 | 1977 |
| Insurance Companies | 3.75%-5.00% | 3,022 | 1973-1978 |
| Mortgage Notes (average rate) | 5.9% | 3,948 | 1973-1997 |
| | | $79,720 | |
| Real Estate Affiliates (average rate) | 7.8% | $88,084 | 1973-1998 |

Long-term debt matures as follows:

| | Jewel Companies, Inc. | Real Estate Affiliates |
|---|---|---|
| | (In thousands) | |
| 1973 | $ 2,029 | $ 4,555 |
| 1974 | $ 3,528 | $ 4,877 |
| 1975 | 5,011 | 4,982 |
| 1976 | 5,007 | 5,089 |
| 1977 | 14,007 | 5,294 |
| 1978 and thereafter | 50,138 | 63,287 |
| | $77,691 | $83,529 |

During 1972 the Company negotiated a new 25-year loan for $30,000,000 with three insurance companies at a rate of 7.875% per annum; $15,000,000 was received during 1972. The agreement provides for the Company to receive $10,000,000 during 1973 with the balance of $5,000,000 available in 1973 or 1974 at the Company's option. The loan provides for equal annual payments of $1,500,000 beginning in 1975.

Payments totaling $7,034,000 were applied to borrowings from foreign banks. There remains $9,000,000 of foreign debt outstanding under a Euro-dollar revolving credit agreement maturing in 1977.

The Company's loan agreements provide restrictions as to the maintenance of working capital (as defined) and payment of cash dividends on common stock. As of February 3, 1973, the net working capital was approximately $8,500,000 in excess of minimum requirements, and retained earnings not restricted for cash dividends were $48,000,000.

The long-term debt of the real estate affiliates is not a direct obligation of Jewel Companies, Inc., but is secured by the assignment of lease agreements between Jewel and these affiliates and will be fully amortized during the firm term of each lease, generally 20 years.

## Common Stock

Common stock transactions were as follows:

| | 1972 Shares | 1972 Amount | 1971 Shares | 1971 Amount |
|---|---|---|---|---|
| | | *(In thousands)* | | |
| Balance at beginning of year | 7,385 | $69,948 | 7,314 | $66,796 |
| Issued in connection with pooled company | 50 | 50 | 50 | 50 |
| | 7,435 | 69,998 | 7,364 | 66,846 |
| Issued for stock options and employee purchases | 36 | 1,482 | 71 | 2,645 |
| Other transactions | — | — | — | 507 |
| Balance at end of year | 7,471 | $71,480 | 7,435 | $69,998 |

At February 3, 1973, there were 411,198 shares of common stock reserved, of which 76,404 were for the Employee Stock Purchase Plan and 334,794 were for stock options described in the following table:

| | Number of Shares Reserved | Granted | Available |
|---|---|---|---|
| Balance, beginning of 1971 | 417,807 | 334,600 | 83,207 |
| Granted | — | 41,000 | (41,000) |
| Exercised | (60,000) | (60,000) | — |
| Cancelled | — | (5,000) | 5,000 |
| Balance, end of 1971 | 357,807 | 310,600 | 47,207 |
| Granted | — | 56,000 | (56,000) |
| Exercised | (23,013) | (23,013) | — |
| Cancelled | — | (11,937) | 11,937 |
| Balance, end of 1972 | 334,794 | 331,650 | 3,144 |

| | Feb. 3, 1973 | Jan. 29, 1972 |
|---|---|---|
| Options exercisable | 141,000 | 101,700 |

Outstanding options were granted at prices ranging from $35.67 to $65.00 per share, the approximate market price on the date of grant, become exercisable in equal installments over a four-year period and expire either five or ten years from the date of grant.

## Treasury Stock

At February 3, 1973, 437 shares of common stock (cost $23,000) and 16,087 shares of preferred stock (cost $1,169,000) were held in the treasury. The preferred stock was acquired for sinking fund requirements of the issue, which require full retirement by 1984. Sinking fund requirements are satisfied through 1979.

## Lease Commitments

Rentals for leased real properties, primarily retail locations (excluding those leased from real estate affiliates), were $21,298,000 in 1972 and $18,270,000 in 1971 including rentals based on sales where applicable. As of February 3, 1973, such leases call for minimum annual payments as follows:

| Year | Amount | Years | Amount |
|---|---|---|---|
| | *(In thousands)* | | *(In thousands)* |
| 1973 | $19,763 | 1978-'82 | $15,252 per year |
| 1974 | 19,266 | 1983-'87 | 10,746 per year |
| 1975 | 18,338 | 1988-'92 | 5,157 per year |
| 1976 | 17,534 | 1993 and thereafter | 647 per year |
| 1977 | 16,055 | | |

The present value (debt content) of these commitments amounts to approximately $110,000,000. This liability was determined by discounting, at a 7.5% rate, the aggregate commitments under net leases and 75% of aggregate commitments under gross leases. (Approximately 25% of gross lease rentals cover real estate taxes, maintenance and insurance costs borne by landlords, which costs are assumed by Jewel under net leases.) There are no substantial equipment lease commitments.

## Costs and Expenses

| | 1972 | 1971 |
|---|---|---|
| | *(In thousands)* | |
| Income taxes | | |
| Currently payable: | | |
| Federal | $15,939 | $16,007 |
| State and local | 1,987 | 1,309 |
| Investment tax credit | (2,899) | (1,526) |
| | 15,027 | 15,790 |
| Deferred: | | |
| Federal | 2,549 | 2,096 |
| State and local | 458 | 664 |
| | 3,007 | 2,760 |
| Total provision | $18,034 | $18,550 |
| Taxes, other than income | | |
| Payroll | $15,532 | $12,626 |
| Property | 9,426 | 7,478 |
| Other | 1,606 | 1,405 |
| | $26,564 | $21,509 |
| Retirement benefit plans | | |
| Profit sharing plans | $ 8,653 | $ 8,216 |
| Industry pension and other plans | 1,958 | 1,614 |
| | $10,611 | $ 9,830 |

# Accountants' Report

TO THE SHAREHOLDERS AND
BOARD OF DIRECTORS
JEWEL COMPANIES, INC.

We have examined the consolidated statement of financial position of Jewel Companies, Inc. as of February 3, 1973, and January 29, 1972, and related statements of earnings, retained earnings, and changes in financial position for the fifty-three and fifty-two week periods then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of Jewel Companies, Inc. at February 3, 1973, and January 29, 1972, the results of its operations and the changes in financial position for the fifty-three and fifty-two week periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Touche Ross & Co.

Chicago, Illinois
March 22, 1973

JEWEL COMPANIES, INC.

# Ten Years of Progress

*(In thousands except per share figures)*

| | 1972† | 1971 |
|---|---|---|
| **FOR THE YEAR** | | |
| Sales: | | |
| Supermarkets | $1,458,299 | $1,332,480 |
| General merchandise stores | 406,138 | 353,638 |
| Other sales and revenues | 144,857 | 129,131 |
| Total | 2,009,294 | 1,815,249 |
| Operating income: | | |
| Supermarkets | 41,581 | 38,851 |
| General merchandise stores | 10,697 | 7,563 |
| Other operating units | 1,319 | 4,131 |
| Total operating income | 53,597 | 50,545 |
| Foreign income | 4,271 | 4,081 |
| Interest income | 404 | 529 |
| Interest expense: | | |
| Jewel Companies, Inc. | (5,577) | (5,216) |
| Real estate affiliates | (5,994) | (4,681) |
| Earnings before income taxes | 46,701 | 45,258 |
| Provision for income taxes | 18,034 | 18,550 |
| Earnings before extraordinary income | 28,667@ | 26,708 |
| Earnings per common share* | 3.84@ | 3.60 |
| Dividends paid per common share* | 1.63 | 1.55 |
| Common shares outstanding*—average | 7,458 | 7,399 |
| Retained earnings | $ 17,567 | $ 15,016 |
| Depreciation | 27,708 | 23,336 |
| New property, plant and equipment (net): | | |
| Jewel Companies, Inc. | $ 59,444 | $ 46,220 |
| Real estate affiliates | 18,701 | 15,649 |
| **AT THE YEAR END** | | |
| Net working capital | 55,487 | 60,768 |
| Total assets | 578,238 | 519,962 |
| Long-term debt, less current maturities: | | |
| Obligations of Jewel Companies, Inc. | $ 77,691 | $ 71,796 |
| Obligations of real estate affiliates | 83,529 | 68,859 |
| Common shareholders' equity | 236,572 | 217,513 |
| Equity per common share* | 31.66 | 29.26 |
| Square Footage of Retail Stores (total space) | | |
| Supermarkets | 8,511 | 7,813 |
| General merchandise stores | 5,302 | 4,863 |
| Other stores | 744 | 691 |
| Total at year end | 14,557 | 13,367 |

†53-week year, other years 52 weeks
*Adjusted for stock splits
@Excludes extraordinary income of $1,199,000 or 16¢ per share

| 1970 | 1969 | 1968 | 1967† | 1966 | 1965 | 1964 | 1963 |
|---|---|---|---|---|---|---|---|
| $1,218,695 | $1,115,000 | $1,020,753 | $ 949,514 | $ 808,403 | $ 713,401 | $ 645,143 | $ 617,046 |
| 292,372 | 234,258 | 192,868 | 173,540 | 135,311 | 111,447 | 97,067 | 86,171 |
| 122,403 | 120,298 | 124,053 | 125,941 | 116,423 | 108,583 | 102,214 | 95,219 |
| 1,633,470 | 1,469,556 | 1,337,674 | 1,248,995 | 1,060,137 | 933,431 | 844,424 | 798,436 |
| 37,636 | 33,358 | 31,803 | 26,568 | 24,918 | 23,967 | (not available) | |
| 8,722 | 8,213 | 7,045 | 6,340 | 4,117 | 2,904 | | |
| 4,075 | 4,308 | 3,652 | 2,722 | 3,254 | 4,584 | | |
| 50,433 | 45,879 | 42,500 | 35,630 | 32,289 | 31,455 | 29,279 | 26,363 |
| 3,272 | 1,129 | 239 | — | — | — | — | — |
| 880 | 746 | 598 | 553 | 616 | 807 | 662 | 835 |
| (5,348) | (3,453) | (2,406) | (2,138) | (1,759) | (1,746) | (1,808) | (1,717) |
| (3,586) | (2,845) | (2,318) | (2,078) | (1,832) | (1,536) | (1,360) | (1,164) |
| 45,651 | 41,456 | 38,613 | 31,967 | 29,314 | 28,980 | 26,773 | 24,317 |
| 21,614 | 19,905 | 18,471 | 14,297 | 12,838 | 12,782 | 12,041 | 11,992 |
| 24,037 | 21,551 | 20,142 | 17,670 | 16,476 | 16,198 | 14,732 | 12,325 |
| 3.34 | 3.22 | 3.01 | 2.63 | 2.47 | 2.45 | 2.23 | 1.86 |
| 1.50 | 1.45 | 1.35 | 1.25 | 1.20 | 1.13 | 1.07 | 1.07 |
| 7,154 | 6,663 | 6,655 | 6,658 | 6,603 | 6,526 | 6,521 | 6,504 |
| $ 12,881 | $ 11,683 | $ 10,935 | $ 9,083 | $ 8,221 | $ 8,407 | $ 7,639 | $ 5,311 |
| 20,432 | 17,669 | 15,713 | 14,628 | 12,989 | 11,829 | 10,643 | 9,725 |
| $ 37,769 | $ 37,742 | $ 24,202 | $ 25,687 | $ 21,739 | $ 17,080 | $ 18,451 | $ 14,772 |
| 21,418 | 7,399 | 11,743 | 5,050 | 10,080 | 3,728 | 5,283 | 9,725 |
| 79,432 | 53,194 | 64,827 | 62,398 | 64,621 | 64,336 | 59,789 | 66,168 |
| 486,912 | 406,493 | 349,241 | 313,783 | 285,269 | 270,604 | 251,413 | 235,579 |
| $ 76,793 | $ 59,036 | $ 39,581 | $ 36,791 | $ 35,371 | $ 33,066 | $ 34,749 | $ 37,624 |
| 61,615 | 51,902 | 48,229 | 39,967 | 37,321 | 32,421 | 27,704 | 25,729 |
| 199,499 | 161,702 | 150,014 | 138,382 | 129,797 | 118,767 | 110,283 | 102,023 |
| 27.09 | 24.22 | 22.51 | 20.79 | 19.61 | 18.16 | 16.88 | 15.68 |
| 7,591 | 7,172 | 6,732 | 6,590 | 6,378 | 5,959 | 5,708 | 5,559 |
| 4,214 | 3,335 | 2,743 | 2,385 | 2,067 | 1,762 | 1,562 | 1,357 |
| 388 | 284 | 217 | 196 | 177 | 135 | 116 | 107 |
| 12,193 | 10,791 | 9,692 | 9,171 | 8,622 | 7,856 | 7,386 | 7,023 |

Copies of the Company's Annual Report (Form 10K) filed with the Securities and Exchange Commission may be obtained upon request to H. O. Wagner, Executive Vice President, Finance, Jewel Companies, Inc., 5725 East River Road, Chicago, Illinois 60631.

# CORPORATE OFFICERS

**Donald S. Perkins**
Chairman, Board of Directors

**Weston R. Christopherson**
President

**George L. Clements**
Chairman, Executive Committee

**Grant C. Gentry**
Executive Vice President, Administration

**Howard O. Wagner**
Executive Vice President, Finance

**Jo H. Armstrong**
Vice President, Coordinated Procurement

**John N. Balch**
Vice President and Treasurer

**Peter W. Cook**
Vice President, New Ventures

**Walter Y. Elisha**
Vice President, Growth and Development

**Charles B. Erickson**
Vice President, Secretary and General Counsel

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Vice President, Financial Planning

**Clifford R. Johnson**
Vice President, Real Estate Planning

**Robert D. Jones**
Vice President, Public Affairs

**Vernon L. Schatz**
Vice President, Information Systems

**Weir C. Swanson**
Vice President, Personnel

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Controller

**Earl J. Barnes**
Assistant Secretary

**Roger L. Galassini**
Assistant General Counsel

**Harry C. Hallowell**
Assistant Controller

**Charles E. McClellan**
Assistant Controller

**Oral Moody**
Assistant Secretary

**Charles M. Moritz**
Assistant Treasurer

**Jacob J. Schnur**
Assistant Secretary

**Robert G. Ulrich**
Assistant General Counsel

# OPERATING OFFICERS

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30 Mill Street
Arlington, Massachusetts 02174
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*Vice Presidents:*
Robert J. Fick
Gilles M. Gallant
Robert H. Jacobson
Norman H. Prendergast
*Assistant Vice President:*
William F. Horgan

**BUTTREY**
601 Sixth Street, S.W.
Great Falls, Montana 59401
*President:*
Philip R. Palm
*Vice Presidents:*
Lester O. Eck
Eugene D. Koon
Alvin J. Larson
Harold J. Lund
Robert F. Poole
John J. Quinn
Ronald L. Slusher
Andrew Veseth

**DIRECT MARKETING DIVISION**
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Barrington, Illinois 60010
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*Vice Presidents:*
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John B. Elliff
Richard B. English
Alvin P. Jorgensen
Garrison B. King
Herman T. Landon
Betty M. McFadden
Robert A. Woodsome
*Controller:*
A. Keith Pierson

**EISNER FOOD & AGENCY STORES**
301 E. Wilbur Heights Road
Champaign, Illinois 61823
*President:*
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*Vice Presidents:*
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Edward E. Clark
Gary E. Dillow
Donald E. Hadley
Arthur F. Holder
William F. Kalbas
Richard E. Lebo
Martin A. Scholtens
Leland G. Wise

**G B ENTREPRISES**
2, Beddenstraat
2000 Antwerp, Belgium
*Chairman of the Board:*
Maurice F. Cauwe
*President:*
Jacques Dopchie

**JEWEL FOOD STORES**
1955 West North Avenue
Melrose Park, Illinois 60160
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*Executive Vice President:*
Fred A. Woerthwein
*Group Vice Presidents:*
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Daniel E. Josephs
Peter F. McGoldrick
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Ronald D. Peterson
Dean R. Spencer
Louis V. Stadler
Edward A. Wells
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John A. Shields
Ervin D. Thuerk
Frank J. Thuy, Jr.
Herbert R. Young
*Controller:*
Kenneth A. MacKenzie
*General Counsel:*
P. Neill Petronella

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2241 Pratt Boulevard
Elk Grove Village, Illinois 60007
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*Executive Vice President:*
A. L. Sammann
*Vice President-Marketing:*
Edward W. McQuiston
*Treasurer:*
Richard E. George
*Secretary:*
Robert G. Ulrich
*Controller:*
James D. Beaty

**MIDCO, S. A.**
Av. Universidad No. 936-A
Mexico 13, D. F.
*President:*
Jeronimo Arango, Jr.
*Director General:*
Hector M. de Uriarte

**OSCO DRUG, INC.**
3030 Cullerton Drive
Franklin Park, Illinois 60131
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*President:*
Richard G. Cline
*Senior Vice President:*
Richard C. Hilden
*Vice Presidents:*
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Jon T. Fuglestad
William M. Jacobs, Jr.
James A. Johnson
Byron K. Luke
David L. Maher
John P. Spurlock
*Secretary:*
Charles B. Erickson

**REPUBLIC LUMBER**
4600 N. Harlem Avenue
Chicago, Illinois 60656
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Stanley Nathanson
*Vice President:*
Ira Nathanson

**STAR MARKETS**
625 Mt. Auburn Street
Cambridge, Massachusetts 02138
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*Senior Vice President:*
Richard Diran
*Vice Presidents:*
Jack Der Avedisian
Edward F. Buron
Sumner H. Goldman
Jack T. Hartigan
Robert H. Jacobson
Richard P. Johnson

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3030 Cullerton Drive
Franklin Park, Illinois 60131
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*Group Vice Presidents:*
John Edwards
Frank J. Tyska
*Vice Presidents:*
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Gerald R. Haack
Glen R. Henricks
Joseph E. Jannotta
Michael S. Kaplan
Paul E. Pentz
Robert H. Quayle III
Richard L. Rounds
Gilbert J. Spencer
Raymond A. Stone
W. Charles Thor
Russell B. Wright

**WHITE HEN PANTRY**
666 Industrial Drive
Elmhurst, Illinois 60126
*President:*
David L. Diana
*Vice Presidents:*
George S. Bovis
Robert G. Robertson
Robert C. Ziltz

# DIRECTORS JEWEL COMPANIES, INC.

**James L. Allen**
Honorary Chairman, Booz•Allen & Hamilton, Inc.

**George P. Baker**
Retired Dean, Harvard Graduate School of Business Administration

**Harry G. Beckner**
President, Jewel Food Stores

**Silas S. Cathcart**
Chairman, Illinois Tool Works, Inc.

**Weston R. Christopherson**
President

**George L. Clements**
Chairman, Executive Committee

**Stephen M. DuBrul, Jr.**
Partner—Lazard Freres & Co.

**Grant C. Gentry**
Executive Vice President, Administration

**William A. Gerbosi**
Independent Business Consultant

**Helen L. Hilton**
Dean of the College of Home Economics, Iowa State University

**Jewel S. Lafontant***
Partner—Stradford, Lafontant, Fisher and Cousins

**Franklin J. Lunding**
Retired Chairman, Finance Committee

**Stanley R. Miller**
Partner, Goldman, Sachs & Co.

**John M. Mugar**
President, Star Market Co.

**Donald S. Perkins**
Chairman, Board of Directors and Chief Executive Officer

**Howard O. Wagner**
Executive Vice President, Finance

**ANNUAL MEETING**
The Annual Meeting will be held at 2:00 p.m. on Wednesday, June 20, 1973 at the Indianapolis Hilton, Ohio and Meridian Streets, Indianapolis, Indiana

**TRANSFER AGENTS**
Manufacturers Hanover Trust Company, 4 New York Plaza, New York, New York 10015.

Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60690.

**REGISTRARS**
Bankers Trust Company, 16 Wall Street, New York, New York 10015.

The First National Bank of Chicago, One First National Plaza, Chicago, Illinois 60670.

**COMMON STOCK LISTING**
New York Stock Exchange
Midwest Stock Exchange

**CORPORATE OFFICE**
O'Hare Plaza
5725 N. East River Road,
Chicago, Illinois 60631



## Committees of the Board of Directors:

**COMMITTEE ON AUDITS:**
S. S. Cathcart, Chairman
J. L. Allen
G. P. Baker
S. M. DuBrul, Jr.
W. A. Gerbosi
S. R. Miller

**COMMITTEE ON SALARIES AND EMPLOYEE BENEFITS:**
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*Resigned in February to become Deputy Solicitor General of the United States

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